



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8
999 18TH STREET - SUITE 300
DENVER, CO 80202-2466
Phone 800-227-8917
<http://www.epa.gov/region08>

May 12, 2004

Ref: 8ENF-AT

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael B. McGinley
Vice President
Questar Market Resources
180 East 100 South
PO Box 45601
Salt Lake City, UT 84145-0601

Re: Questar Gas Management Company
Red Wash 24B Gas Plant
Compliance Order
Docket No. **CAA-08-2004-0008**

Dear Mr. McGinley:

Enclosed is a Compliance Order which is issued to Questar Gas Management Company ("Questar") pursuant to section 113(a)(3)(B) of the Clean Air Act ("CAA"), 42 U.S.C. §7413(a)(3)(B), as amended. The Compliance Order applies to Questar's Red Wash 24B Gas Plant, which is located on the Uintah and Ouray Reservation, Uintah County, Utah.

The Environmental Protection Agency (EPA) alleges in this Compliance Order that Questar failed to comply with the requirements of the Standards of Performance for Equipment Leaks of VOC From On Shore Natural Gas Processing Plants, as set forth in section 111 of the CAA, 42 U.S.C. §7411 and the regulations promulgated thereunder. The Order requires that Questar immediately comply with all the requirements of 40 C.F.R. part 60, subparts A and KKK. In issuing this Compliance Order, EPA does not waive any of its rights, including seeking injunctive relief and/or civil penalties for any violations of the Compliance Order, the CAA or its implementing regulations.



Questar Market Resources
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If you have any questions, the most knowledgeable persons on my staff are Carol A. Smith, Environmental Engineer, (for technical issues) who can be reached at (303) 312-7815, and James H. Eppers, Senior Enforcement Attorney, (for legal issues) who can be reached at (303) 312-6893.

Sincerely,

SIGNED

Carol Rushin
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

Enclosure

cc: Maxine Natchees, Chairperson, Ute Indian Tribe
Elaine Willie, Ute Indian Tribe
R. Ed Kurip, Ute Indian Tribe
Richard Sprott, Utah Division of Air Quality

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

IN THE MATTER OF:

Questar Gas Management Company
180 East 100 South
PO Box 45601
Salt Lake City, UT 84145-0601

Respondent

COMPLIANCE ORDER

Docket No. **CAA-08-2004-0008**

STATUTORY AUTHORITY

This Compliance Order ("Order") is issued to Questar Gas Management Company (Questar) pursuant to section 113(a)(3)(B) of the Clean Air Act ("CAA"), 42 U.S.C. §7413(a)(3)(B), as amended, for violations of the CAA's program for New Source Performance Standards (NSPS), as set forth in section 111 of the CAA, 42 U.S.C. §7411 and the regulations promulgated thereunder. The authority to issue the Order has been properly delegated to the Assistant Regional Administrator, Office of Enforcement, Compliance, and Environmental Justice, of the Environmental Protection Agency Region 8 ("EPA").

BACKGROUND

1. Questar Gas Management Company (Questar) is a subsidiary of Questar Market Resources, which is owned and operated by Questar Corporation. Questar is the owner and operator of the Red Wash 24B Gas Plant, used for the treatment, compression and sale of produced natural gas, located southeast of Vernal, UT. Treatment of the natural

gas includes sweetening of the sour gas using an amine system, dehydration of all gas using an ethylene glycol dehydrator, and extraction of natural gas liquids. Red Wash 24B is located within the exterior boundaries of the Uintah and Ouray Indian Reservation and EPA is the proper permitting authority.

2. Questar purchased all of the assets of Shenandoah Energy Inc. (SEI), including the Red Wash 24B Gas Plant, on July 31, 2001.
3. After the purchase described in paragraph 2 above, Questar operated Red Wash 24B under the name SEI until at least December 16, 2002. The Air Pollution Control Title V Permit to Operate for the Red Wash 24B Gas Plant currently lists SEI as the owner/operator. An administrative amendment to correct the name has yet to be requested by Questar.
4. Red Wash 24B consists of, among other things, an amine system for acid gas removal, and ethylene glycol dehydration system, a propane refrigeration system, storage and three compressor engines.
5. On July 2, 2003, EPA issued to Questar (under the name SEI) an Air Pollution Control Title V Permit to Operate, Permit No. V-OU-001-00.00 according to the provisions of 40 C.F.R. Part 71 for the Red Wash 24B Gas Plant.

NEW SOURCE PERFORMANCE STANDARDS

6. Subpart KKK of 40 C.F.R. part 60 - Standards of Performance for Equipment Leaks of VOC From On Shore Natural Gas Processing Plants applies to the natural gas liquids process at the Red Wash 24B Gas Plant. The natural gas liquids process started up in April of 2001. Subpart A of 40 C.F.R. part 60, the General Provisions of NSPS, also

applies to the natural gas liquids process at Red Wash 24B.

7. During EPA's inspection of the Red Wash 24B Gas Plant on September 25, 2003, EPA discovered that Questar had not complied with the provisions of NSPS subpart KKK for implementing a leak detection and repair program on their natural gas liquids plant. In addition, a written notification of start up of the natural gas liquids plant was never provided to EPA, as required by subpart A of the NSPS.

FINDINGS OF VIOLATION

8. Questar is a "person" within the meaning of section 302(e) of the CAA, 42 U.S.C. §7602(e).
9. Since July 31, 2001, Questar has been and currently is the owner and operator of the Red Wash 24B Gas Plant.
10. Pursuant to 40 C.F.R. §60.7(a)(3), the owner or operator subject to the provisions of this part shall furnish the Administrator written notification or, if acceptable to both the Administrator and the owner or operator of a source, electronic notification, as follows:

(3) A notification of the actual date of initial startup of an affected facility postmarked within 15 days after such date. SEI (and then Questar on July 31, 2001) became subject to the rule in April of 2001 when the natural gas liquids unit became operational. Questar failed to submit an initial notice of startup, and therefore violated 40 C.F.R. §60.7(a)(3).

11. Pursuant to 40 C.F.R. §60.8(a), within 60 days after achieving the maximum production rate at which the affected facility will be operated, but not later than 180 days after initial startup of such facility and at such other times as may be required by the Administrator under section 114 of the Act, the owner or operator of such facility shall conduct performance tests(s) and furnish the Administrator a written report of the results of such performance test(s). Questar failed to conduct performance tests and furnish the Administrator with a written report of the results of performance tests within 180 days of startup, and therefore violated 40 C.F.R. §60.8(a).
12. Pursuant to 40 C.F.R. §60.636(a), the owner or operator of an affected source subject to subpart KKK is required to submit semiannual periodic reports. Questar has failed to submit any semiannual periodic reports and therefore violated 40 C.F.R. §60.636(a).
13. Pursuant to 40 C.F.R. §60.635, the owner or operator of an affected source subject to subpart KKK is required to keep records pertaining to the monitoring of leaks in affected equipment. During EPA's inspection on September 25, 2003, Questar explained that it had not yet begun a leak detection and repair program, and therefore had not kept the required records. Questar has failed to keep required records and therefore violated 40 C.F.R. §60.635.
14. The above listed violations of NSPS subparts A and KKK are also violations of Title V Operating Permit No. V-OU-0001-00.00 issued to SEI by EPA Region 8 on July 3, 2003.

COMPLIANCE ORDER

15. Pursuant to section 113(a)(3)(B) of the CAA, 42 U.S.C. §7413(a)(3)(B), EPA hereby issues the following order to Questar:

Effective immediately, Questar shall comply with all the requirements of 40 C.F.R. part 60, subparts A and KKK.

ENFORCEMENT

16. Issuance of this Order does not preclude any other action by EPA to redress past or future violations of the CAA, including either of the following:
- a. an administrative penalty complaint pursuant to section 113(d) of the CAA, 42 U.S.C. §7413(d), for penalties of not more than \$27,500 per day for each violation through March 15, 2004 (\$32,500 after March 15, 2004 per day for each violation) during the period the facility is not in compliance; or
 - b. a civil action pursuant to §113(b) of the CAA, 42 U.S.C. §7413(b), for injunctive relief or civil penalties of not more than \$27,500 per day for each violation through March 15, 2004 (\$32,500 after March 15, 2004 per day for each violation) during the period the facility is not in compliance, or both.
17. Pursuant to section 120 of the CAA, 42 U.S.C. §7420, EPA is also authorized to assess noncompliance penalties aimed at recovering the economic benefit which any person received by not complying with the CAA.

18. Pursuant to section 113(a)(3) of the CAA, 42 U.S.C. §7413(a)(3), failure to comply with this Order may lead to a civil action to obtain compliance or an action for civil or criminal penalties.

OPPORTUNITY FOR CONFERENCE

19. In accordance with section 113(a)(4) of the CAA, 42 U.S.C. §7413(a)(4), EPA is offering Questar an opportunity for a conference to discuss the Order. The request for such a conference must be made no later than thirty (30) calendar days from the date of Questar receiving this Order. If you wish to make arrangements for a conference, please contact Jim Eppers, Enforcement Attorney, U.S. EPA Region 8, 999 18th Street, Suite 300, Denver, CO 80202-2466. Mr. Eppers' telephone number is (303) 312-6893. By offering the opportunity for a conference or participating in one, EPA does not waive or limit its right to any remedy available under the CAA.

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

Complainant

Date: 5/10/04 **By:** **SIGNED**
CAROL RUSHIN
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the original and one copy of the attached COMPLIANCE ORDER were hand-carried to the Regional Hearing Clerk, EPA Region 8, 999 18th Street, Denver, Colorado, and that a true copy of the same was sent via certified mail, return receipt requested to:

Michael B. McGinley
Vice President
Questar Market Resources
180 East 100 South
Salt Lake City, UT 84145-0601

Date: 5/12/04 By: **SIGNED**
Andrea Reed

**THIS DOCUMENT WAS FILED IN THE REGIONAL HEARING CLERK'S OFFICE
ON MAY 12, 2004.**